

Message Text

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PAGE 01 TOKYO 14331 021028Z

17-12

ACTION XMB-07

INFO OCT-01 EUR-25 EA-11 ISO-00 EB-11 TRSE-00 COME-00

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7924

INFO AMEMBASSY MOSCOW

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PASS EXIMBANK

EO 11652: NA

TAGS: ENRG EFIN JA UR US

SUBJ: SIBERIAN DEVELOPMENT: YAKUTSK GAS

REF: TOKYO 11471

1. FOLLOWING IS TEXT OF LETTER DATED OCT 31 WHICH PRESIDENT
OF JAPANESE EXIMBANK HAS ASKED EMBASSY TO TRANSMIT
TO CHAIRMAN US EXIMBANK.

BEGIN TEXT -

DEAR MR. KEARNS:

THANK YOU FOR YOUR LETTER OF OCT 24, 1973, WHICH
I RECEIVED THROUGH MINISTER EDMOND OF THE US EMBASSY,
TOKYO. I CERTAINLY APPRECIATE YOUR INFORMING ME AS TO
THE RESULT OF YOUR MEETING WITH MR. OSIPOV CONCERNING
THE CREDIT FOR YAKUTSK NATURAL GAS EXPLORATION PROJECT,
BASED UPON OUR AGREEMENT TO KEEP EACH OTHER ADVISED
ABOUT OUR RESPECTIVE CONTACTS WITH THE USSR. I ALSO HOLD
IN HIGH ESTEEM YOUR CLARIFYING TO THE SOVIETS OUR UNDER-
STANDING AS REACHED BETWEEN US THIS AUGUST.

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I WILL NOT REPEAT, HERE, THE RESULT OF MY MOSCOW DIS-

CUSSION WHICH I RELATED TO THE US EMBASSY THROUGH MINISTER EDMOND AFTER MY RETURN FROM THE SOVIET UNION, SINCE HE SAYS HE ALREADY INFORMED YOU OF THE MATTER. (SEE REFTEL) I WOULD ONLY LIKE TO MENTION THAT I STOOD ON OUR UNDERSTANDING AS REACHED BETWEEN US IN WASHINGTON, THAT: FINANCING OF EXPLORATION PHASE AND THAT OF DEVELOPMENT PHASE SHOULD BE ON SEPARATE BASES; THIS SHOULD BE A TIED LOAN; THE UNITED STATES AND JAPAN WILL EXTEND IT ON A 50:50 BASIS; TERMS AND CONDITIONS OF THE LOAN SHOULD BE WELL-BALANCED BETWEEN THE UNITED STATES AND JAPAN, ETC.

AT THE MOSCOW SUMMIT CONFERENCE IN OCTOBER, NO SIGNIFICANT DEVELOPMENT CONCERNING ENERGY PROJECTS WAS SEEN BUT THE CLIMATE FOR FUTURE TALKS TURNED TOWARD THE BETTER, THE FACT OF WHICH I ALSO REPORTED TO MINISTER EDMOND. ACCORDINGLY, THE NEGOTIATIONS WILL BE RESUMED ON A PROJECT BY PROJECT BASIS BY JAPANESE GROUPS CONCERNED IN THE NEAR FUTURE.

WHILE I WOULD KEEP YOU ADVISED ABOUT OUR FUTURE CONTACTS WITH THE USSR ON THE SUBJECT OF FINANCING ENERGY PROJECTS IN THE USSR, I WOULD APPRECIATE YOUR ADVISING ME OF ANY FURTHER DISCUSSIONS WITH MR OSIPOV, AND IN ADDITION ANY NEW DEVELOPMENTS CONCERNING YOUR BANK'S LOAN TO THE SOVIET IN RELATION TO THE NEW TRADE BILL BEING DISCUSSED PRESENTLY AT THE CONGRESS. SINCERELY,

/S/ SATOSHI SUMITA

PRESIDENT EXPORT-IMPORT BANK OF JAPAN

2. IN DELIVERING LETTER, JAPAN EXIMBANK OFFICIAL STRESSED SUMITA'S DESIRE TO LEARN OF RESULTS OF SOVIET DEPUTY MINISTER OF FOREIGN TRADE OSIPOV VISIT TO US. SUMITA, OFFICIAL ADDED, CONSIDERING ANOTHER VISIT TO U.S. TO CONSULT ON TERMS OF EXPLORATION PROJECT, BEFORE NEXT ROUND OF JAPAN-SOVIET TALKS ON YAKUTSK.

3. COMMENT: TOKYO GAS BOARD CHAIRMAN HIROSHI ANZAI HAS BEEN TAKING STRONG LINE THAT DISCUSSIONS OF YAKUTSK EXPLORATION PROJECT MUST BE SEPARATED FROM DISCUSSIONS OF LIMITED OFFICIAL USE

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GAS DEVELOPMENT, AS OPPOSED TO THAT JAPANESE BELIEVE IS EL PASO GROUP PREDISPOSITION TO TREAT EXPLORATION AND DEVELOPMENT TOGETHER. WE THINK IT NOT UNLIKELY THEREFORE THAT TOKYO GAS IS BEHIND SUMITA'S EMPHASIS IN ABOVE TEXT THAT FINANCING OF EXPLORATION PHASE AND THAT OF DEVELOPMENT PHASE SHOULD BE ON SEPARATE BASIS.
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